CHAPTER 6C

SENIOR CITIZENS AND DISABLED PROPERTY TAX POSTPONEMENT PROGRAM

HIGHLIGHTS

• Type of Relief	Deferral of property taxes.
• Eligibility	Age or disability, occupancy, income, and home equity criteria must be met (see below).
• When to Claim	May 15 - December 10 annually.
• Participants	Approximately 6,000 in 2006-07.
• Cost	2006-07 (Actual) $12.1 million* 2007-08 (Estimate) $17.0 million*

*Estimate is from the State Controllers' Office

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1. DESCRIPTION OF PROGRAM

The Property Tax Postponement Program for Senior Citizens and Blind or Disabled persons allows eligible homeowners to defer payment of all or a portion of the property taxes on their residences. Qualified applicants are issued two certificates of eligibility that may be submitted to the County Tax Collector as payment for their property taxes. The state then pays the county the amount of the deferred taxes on behalf of the taxpayer.

Generally, the program acts as a loan from the state to eligible property owners. Each year, the state imposes interest on the amount it pays to the county on behalf of the taxpayer. Interest rates are set each year based on the annual yield received by the state on its Pooled Money Investment Account. The loan is repaid when the taxpayer dies, sells the home, moves, or allows certain liens to become delinquent. There is no maximum amount of postponed property taxes that can accumulate under the program. Effective January 1, 2005, the Senior Citizens and Disabled Citizens Property Tax Postponement Law was amended to also allow blind and disabled persons to postpone prior-year delinquent property taxes back to the date they became blind or disabled.

For the purpose of the postponement program, "property taxes" include everything on the claimants' secured property tax bill, including special assessments, charges, and user fees, in addition to ad valorem taxes. Special assessments levied independently of the county tax bill are not eligible for postponement.

The tax postponement law was first passed in 1977 and has been expanded several times since. Originally designed for persons over 62 years of age, the program is now available to eligible blind and disabled persons regardless of age.

The amount of property tax postponed is computed each fiscal year. The applicable simple interest rate and all interest charges are also computed annually and are added to the individual's postponement account, which is administered by the State Controller's Office. The interest rate for one year's balance of a postponement account does not carry over to the following year. For example, if the interest rate is 3% in 2003 and 2% in 2004, the taxpayer pays 3% interest on the balance of the 2003 account and 2% on the balance of the 2004 account, regardless of when the loan is repaid.

2. ELIGIBILITY

In order to be eligible for the Postponement Program, the claimant must:

- Be 62 years of age or older, blind, or disabled as of December 31 to claim relief for that fiscal year. All other recorded owners except for spouse and direct-line relatives must also be 62 years of age or blind or disabled by December 31.

- Have a "gross household income" which does not exceed the amount shown below for the calendar year preceding the fiscal year for which the property taxes are to be postponed. "Gross household income" is all income from adult members of the household less certain limited deductions. The income eligibility threshold for the program is indexed for inflation beginning with the fiscal year 2010-11. The enactment of Chapter 616, Statutes of 2006, gradually increases the income threshold beginning with the 2007-08 fiscal year as follows:

Property Tax (Fiscal Year)	Income Threshold	Qualifying Income Year
2006-07 (& Prior)	$24,000*	2005
2007-08	$31,500*	2006
2008-09	$35,500	2007
2009-10	$39,000	2008
2010-11 (& After)	$39,000, as indexed for increases in the California Consumer Price Index.	2009

*The income threshold is $34,000 for claimants who filed and qualified in in the 1983 calendar year and for whom postponement has been allowed for each subsequent calendar year.

- Have owned and occupied a residential dwelling on December 31 of the calendar year for which household income is computed. For example, for fiscal year (FY) 2007-08 claims, the claimant must have occupied the dwelling as the principal place of residence on December 31, 2006. Some mobilehomes, floating homes, condominiums, cooperative units, or portions of owner occupied farms may be eligible.

- Have at least 20% equity interest in the home at the time the postponement lien is filed. Taxes cannot be postponed if there are liens, deeds of trust, mortgages or other encumbrances against the home which amount to more than 80% of its value. Value is defined as the full value, or the fair market value as determined by the Controller, where the Controller determines that the State's interest is adequately protected.

- Own property assessed on the secured property tax roll.

3. APPLICATION PROCEDURE

Claimants must file an application annually with the State Controller's Office. Applications must be filed between May 15 and December 10 of each calendar year for postponement of property taxes for the fiscal year beginning July 1 of that year. The Controller may grant a reasonable extension for filing, but no later than the end of the fiscal year for which postponement is claimed.

4. PAYMENT PROCEDURE

Once the application has been approved, claimants are sent two Certificates of Eligibility beginning in November for that fiscal year. Certificates are marked 1st installment and 2nd installment, corresponding to each property tax payment. Certificates are made out in the name of the taxpayer/claimant and the County Tax Collector, and may be used to postpone all or part of the taxes on the home. To postpone taxes, the claimant fills in the amount of taxes he or she wishes to postpone, signs the back of the certificate and presents it to the County Tax Collector. Taxes are not paid or postponed until the signed certificates are presented to the tax collector.

The taxpayer is liable for the full amount of the taxes. If he or she chooses to postpone less than the full amount due, the remainder must be paid at the time the certificates are presented for payment. The County Tax Collector will not accept partial payment of an installment.

The claimant is not required to use the certificates, even after he or she has been deemed eligible. For example, a claimant may choose to pay the first tax installment completely, then decide to postpone all or part of the second installment.

There is no maximum amount of postponed property taxes that can accumulate under the program.

5. REPAYMENT OF POSTPONED PROPERTY TAXES

Repayment of postponed property taxes is required only under the following circumstances:

- The claimant dies or sells, conveys or disposes of the property, ceases to occupy the premises, or allows any tax or assessment to become delinquent. Repayment is also required if he or she vacates the dwelling due to condemnation.

- The claimant allows foreclosure of liens to occur which have higher priority than that of the state (e.g., bank loans, mechanic's liens). In such cases, a notice of sale must be sent to the Controller by the foreclosing party.

Many participants in the Senior Citizens Property Tax Assistance Program also qualify for the postponement program. If a taxpayer qualifies for both programs, the amount of assistance received is used to reduce the amount of the postponement account. See Chapter 6B of this Reference Book for more information on the Senior Citizens Property Tax Assistance Program.

6. COST

During FY 2006-07, $12.1 million in property taxes were postponed. It is estimated that $17 million will be postponed in FY 2007-08. Approximately 6,000 claimants participated in the program in FY 2006-07.

7. CODE

Health and Safety Code Section 18079

Government Code Sections 14735, 16180-16214

Revenue and Taxation Code Sections 20581-20646